

PACIFIC SECURITY TODAY:
OVERCOMING THE HURDLES

Conference Report

March 24, 1999

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FOREWORD

The 21st century has been heralded by politico-military and economic policymakers alike as the "Asian Century." As the United States approaches this millennium breakwater, it sails into uncharted waters. Our current thinking and planning is a remnant of the Eurocentric Cold War. Think tanks and government policymakers from most of the world's key nations have poured a majority of their resources into studying Europe and its pivotal issues.

In November 1998, Science Applications International Corporation's (SAIC) Center for Global Security and Cooperation, in conjunction with the U.S. Army War College's Strategic Studies Institute and the Naval Postgraduate School (NPS), cosponsored its first Asia security conference at the NPS in Monterey, California. Entitled the *Annual Conference on Pacific Security Today*, the conference sought to focus on Asia-Pacific security issues by opening a dialogue among government policymakers, scholars, and military leaders. The cosponsors of the *Annual Conference on Pacific Security Today* placed a high emphasis on dialogue and an open exchange of ideas at this initial meeting, with the objective of increasing understanding of the challenges facing participants in the upcoming Asian Century.

The Asia-Pacific region is endowed with a wide variety of unique cultures, diverse languages, multifaceted religions, and complex political systems. Each of these elements has an impact on foreign and security relations in the region, thereby underscoring the need to use open dialogue as a tool for assessing and addressing the intricacies of Asia-Pacific security issues. The cosponsors believe that the conference achieved its intended objectives. Most importantly, it opened channels of communication for the exchange of ideas and viewpoints that can help those involved in the Asia-Pacific security arena more fully understand the complex issues before them. Furthermore, this conference set the foundation for future meetings, which will tackle such

topical issues as the aftermath of the Asian economic crisis and U.S.-Chinese cooperation in the Pacific. Future conferences will also include additional representatives from the Pacific Rim.

Herewith, SAIC and the U.S. Army War College are pleased to submit a summary of the proceedings of the November 1998 *Annual Conference on Pacific Security Today*.

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Conference Coordinator



PACIFIC SECURITY TODAY: OVERCOMING THE HURDLES

1998 Annual Conference on
Pacific Security Today

Misperception and miscommunication adversely affect Asia-Pacific security, especially U.S.-Chinese relations. Long distances and cultural differences contribute to misperception and miscommunication between the United States and Asian countries. This problem has become particularly evident during the Asian economic crisis, reflecting both cultural and capital influences.

The potentially adverse effects of misperception and miscommunication on Asia-Pacific security can also be found in how the Chinese *Defense White Paper* and the U.S. *National Security Strategy for a New Century* are interpreted outside of their respective countries of origin. When compared side-by-side, the two documents have more similarities than dissimilarities. Both emphasize that national security is more than military security alone, and both recognize the multiple, interrelated factors that contribute to maintaining regional stability. However, difficulties arise in how the documents are viewed elsewhere. The misperceptions and misunderstandings associated with the interpretation of these two documents illustrate broader problems endemic to Asia-Pacific security in general.

The Chinese *Defense White Paper* spells out a national security strategy that, while expressing peaceful coexistence, emphasizes noninterference in "Chinese affairs" and reserves the right for China to use force to

protect its territory. Nowhere are these national security principles more evident than in the issue of territorial sovereignty. No other Asia-Pacific security issues have greater potential for misinterpretation and miscommunication than those dealing with Chinese claims of sovereignty over the Spratly Islands and Taiwan. China, along with five other Asia-Pacific claimants (Taiwan, Vietnam, Malaysia, the Philippines, and Brunei) agreed at the July 1995 meeting of the Association of South East Asian Nations (ASEAN) to negotiate disputes over ownership of the Spratlys—a clear effort by China to coexist with its neighbors peacefully. However, more recently, China's claim to sole sovereignty over the Spratlys has led to a quasi-military occupation of the disputed territory—based on Beijing's self-proclaimed right to use force to protect "Chinese territory." With regard to Taiwan, Chinese leaders have made it clear that improved economic relations with the United States provide a solid basis for peaceful coexistence, but that economic partnership does not give Washington the right to interfere in internal Chinese affairs. Outside of China, Asia-Pacific leaders perceive the practical implementation of the national security principles enumerated in the *Defense White Paper* as potentially destabilizing and counter to peaceful coexistence and recognized standards of national sovereignty. The unilateral occupation of the Spratlys by Chinese "fishermen," protected by Chinese naval forces, and the early-1998 use of "missile diplomacy" over the Straits of Taiwan have raised regional tensions and caused U.S. responses that have bordered on military confrontations.

The U.S. *National Security Strategy for a New Century* continues the principle of engagement found in previous national security strategies. According to this strategy, the U.S. national security goals of enhancing national security, bolstering economic prosperity, and promoting democracy abroad can best be attained by shaping the international environment and harnessing the dynamics of globalization and interdependence, especially in the economic sphere. In

the Asia-Pacific region, these principles are evident in the U.S. response to the Asian economic crisis and in U.S. arms control policies. Washington has stressed the role of international economic institutions (such as the International Monetary Fund—IMF), and applied Western free market principles in resolving the ongoing economic crisis—insisting that the short-term pain of radical internal reform was necessary to cure the deep-seated malaise. In the arms control arena, the United States has focused on bilateral negotiations with China on the Comprehensive Test Ban Treaty (CTBT), the Chemical Weapons Convention (CWC), and other nonproliferation regimes, in an effort to restrict the proliferation of Chinese weapons of mass destruction (WMD) technologies to third countries.

Many Chinese leaders, particularly in the People's Liberation Army (PLA), perceive these U.S. policies to be a wolf in sheep's clothing—Cold War containment dressed as engagement. Beijing sees Washington's insistence on IMF-directed solutions to the economic crisis as unwarranted interference in internal Asian—and Chinese—affairs. Moreover, they see the United States as holding a double standard when it comes to arms control; while preaching strict Chinese compliance with international arms control agreements in the name of regional stability, the United States fosters its own destabilizing policies by increasing arms trade with Taiwan and proposing bilateral missile defense agreements with Japan, South Korea, and Taiwan.

The solutions to these misperceptions and miscommunications in Asia-Pacific security, such as the misinterpretations of the U.S. and Chinese national security strategies, are threefold. First, each side must learn to listen and understand the other, without preconceived notions. Second, each must see that the other's frame of reference may be different, and then begin to understand that difference. And third, each side must focus on explaining the underlying concepts upon which their security principles are based.

For example, the United States must be prepared to explain what differentiates engagement from Cold War containment. China, for its part, must be prepared to explain the apparent disparity between peaceful coexistence and unilateral action over disputed territory. Both sides must explain the motivation for their policies, and both must develop the intellectual curiosity necessary to begin to understand the varying frames of reference from which these political philosophies originate. This is particularly true in the security realm, where the United States draws a clear distinction between political and military objectives, while for China, the two are integral elements of one whole.

Misperceptions and miscommunications between China and the United States are exacerbated by problems with terminology. Even the "simple" task of translating terms and concepts presents perplexing problems. The term "deterrence" in Chinese carries a pejorative connotation. The Chinese characters for deterrence mean "to coerce" and "to terrorize with force." Thus, China has traditionally rejected the Western notion of nuclear deterrence, considering it to be *offensive deterrence* based on a first strike concept. Beijing, on the other hand, has adopted a "no first use" policy, which they consider to be *defensive deterrence*.

A similar problem exists with regard to the fundamental principles of the U.S. national security strategy. There is no Chinese equivalent term for "engagement." Chinese scholars and journalists have alternately translated engagement to mean "contact" in a very neutral sense (with no strategic implication), "preparation for marriage," and "engagement in battle." None of these translations comes close to accurately conveying the philosophical motivation behind the U.S. national security strategy of engagement, but all have been used at one time or another during debates, conferences, and negotiations.

Misperceptions and misunderstandings are not limited to U.S.-Chinese security relations, and have been especially noticeable during the ongoing Asian economic crisis. Misperceptions and miscommunications are not the sole property of the U.S.-Chinese bilateral relationship. The current economic crisis in the Asia-Pacific region is replete with examples of misperception based on a lack of understanding of each other's conceptual framework and frame of reference. Many countries suffering from the crisis—Thailand, for example—believe that the United States has a special obligation to intervene financially, but without dictating Western-style reforms. On the other hand, many in the United States feel that the crisis stems from domestic problems and that the countries themselves must address and adapt to global economic realities before additional assistance is forthcoming.

The case of South Korea provides an excellent example. Seoul perceived the IMF-sponsored financial bailout to be a "second day of shame," equating it to the national humiliation suffered during the harsh Japanese colonial occupation. Korea has had a difficult time in adequately communicating this sense of shame and embarrassment to other nations, particularly to the United States. Korean leaders view such assistance as neo-colonialism, yet anti-foreign presence and interference sentiment in Korea is not directed against any particular nation; rather, it is a matter of national pride. As one panelist pointed out, most Koreans would prefer a U.S. presence to any other foreign presence. But the United States must not allow protests that emerge from this "shame" to be perceived the same as the anti-U.S. sentiment that existed in the 1980s. Those protests were motivated from the left, whose vision of a unified Korea did not include a U.S. presence of any kind. Much of the 1990s anti-U.S. feeling is motivated from the right; they see the United States as conceding too much to North Korean demands and would prefer to take the lead themselves (but with continued U.S. involvement and military protection). Anti-foreign sentiment could spread,

however, if the IMF package fails. To help facilitate communication and understanding between Korea and the United States, the IMF deal can not be seen as benefiting only U.S. business interests in Korea, nor can the IMF reform guidelines be too draconian. The irony of the U.S. military presence in Korea is that it creates jealousy among other Asian states; Indonesia and Malaysia, for example, perceive the United States as focusing on Korea, to the virtual exclusion of others in need.

There was some debate among the conference participants on whether or not there is an actual economic "crisis" in Asia. Many attendees, who claimed that there is no crisis, pointed to the strong industrial, educational, and personal savings fundamentals of Asian countries, thus ensuring that the economic difficulties occurring now will not be long term. They singled out Mexico as a country that experienced similar problems and is now out of its economic quagmire. Both Korea and Thailand have taken far-reaching political and economic steps to cope with the crisis. Additionally, these individuals pointed out that the crisis found its roots in bad banking practices, poor disclosure requirements, and unrealistically high expectations of economic growth. They argued that these problems are solvable. Furthermore, inflation is still relatively low outside of Indonesia; Asian products are cheap, and Americans and Europeans are purchasing those products.

Moreover, China has held fast on not devaluing its currency, which fosters stability. While Japan has not yet enacted the proper banking and macroeconomic reforms to heal its economy, this problem has not had an adverse effect on the U.S.-Japanese alliance and Japan still possesses strong industrial fundamentals. Anti-U.S. backlash has been primarily limited to Malaysia and, to a lesser degree, Korea, as most Asians blame their own leaders for their problems. Lastly, the optimists pointed out that the crisis has not really affected Singapore or Taiwan, who continue to experience economic stability and growth.

Other participants, however, were more pessimistic and asserted that this was, indeed, a crisis. They argued that this is a crisis of the system, not in the system. They also asserted that it implicates the world at-large, not just Asia. Much of the debt in the affected countries is sovereign banking debt, which means that their taxpayers will end up bearing the costs. Along with the financial and economic problems, they pointed to the ensuing refugee issues affecting both Indonesia and Malaysia. They pointed to the weakened effectiveness of ASEAN and the ASEAN Regional Forum (ARF). They pointed to growing U.S. frustration over increasing trade deficits. They described how North Korea may see the crisis as weakening South Korea's position and become more intransigent in its demands. The crisis may also force Asian countries to address the relationship between labor and capital, although many states are rejecting the austere measures prescribed by the IMF that would lead to such a reassessment.

Some attendees noted that poorer states are generally more insecure, more isolationist, and less cooperative than richer states, and if these tendencies emerge in the wake of the crisis, they could adversely affect regional security. These participants noted that Korea has cut its defense budget by 9 percent, and has delayed purchasing AWACS and Multiple Launch Rocket Systems (MLRS). Other countries are being similarly affected. Thailand has postponed buying F-18s and AWACS, and will instead devote funds to maintain an effective and ready force: paying troops, educating its soldiers, and conducting joint training exercises. Indonesia has slashed its defense budget by 40 percent and has cancelled an order for Russian submarines. Malaysia has cut its defense budget by 10 percent and plans to cut another 8 to 10 percent in the near future. The Philippines has put its military modernization plans on hold. Contrary to the regional trend, Singapore continues its arms purchases, including F-16s and submarines from Sweden. Some panelists speculated that

the decline in arms purchases could contribute to regional instability.

The ongoing economic crisis has had several unintended and unexpected impacts on Asia-Pacific security. Fifty percent of the world's economy derives from the Asia-Pacific region, and five out of seven U.S. bilateral security treaties are with Asian countries. The United States has a vital role to play in the region, and the economic crisis has served to accentuate that role. Political and economic stability are the foundation for U.S. regional policies, and political, economic, military, and diplomatic engagement are the tools employed to attain U.S. national security objectives in the Asia-Pacific region.

Unlike many other countries in the region, the United States has not had to scale back its own military modernization plans as a result of the crisis. The crisis has, however, had a significant and adverse impact on U.S. Government sanctioned arms sales to several Asian nations. Perhaps more significantly, the economic crisis in Asia has slowed the pace of military modernization among America's friends and allies in the region, causing military leaders to rethink some defense plans and coalition contingency operations.

A central thrust in the U.S. *National Security Strategy for a New Century* is "to strengthen and adapt the security relationships we have with key nations around the world and create new relationships and structures when necessary." Among the more high profile programs designed to strengthen and adapt U.S. security relationships is the development of a theater missile defense system in the region, with Japan, South Korea, and Taiwan singled out as key regional allies. Some conference participants wondered whether the United States may be over committed throughout the world, and whether the Asia-Pacific region may be "less important" than Europe in the security realm. Regardless, all participants agreed that issue-specific coalitions of the willing are likely to be the rule for the

foreseeable future, and that the U.S. military will take unilateral action in Asia only by exception. Thus, the major challenge associated with U.S. military involvement in a crisis in Asia is planning and executing cooperation and coalition actions in the region. Significantly, conference participants deemed that there is currently insufficient dialogue among potential coalition partners about planning and executing a response to a major crisis. Some participants suggested a combined Northeast Asia Command that would involve Korea and Japan, with the United States as the leader. Most agreed that implementing such a plan would be extremely difficult in terms of the domestic politics of the countries involved, including the United States. However, the potential exists for far greater political, diplomatic, and military exchanges than those taking place at present.

A growing concern expressed by numerous participants is the nuclearization of South Asia. Panelists prescribed more interaction and dialogue among Washington, New Delhi, and Islamabad to keep tensions there from turning into a nuclear exchange. They further suggested that the United States should take advantage of India's opening economy to become more involved in creating stability in the region.

Overall, the conference participants concluded that the U.S. presence in Asia should and will remain strong. They agreed that the U.S.-China relationship has benefited from President Clinton's recent trip to the Middle Kingdom. They also concurred that the burden on both China and the United States to cooperate in the region will grow. In response to the economic crisis, the panelists suggested that the United States should foster free trade and market economies, yet with prudent regulations and international oversight. The United States should support human rights and political openness, but with a measure of patience. Military contacts should grow gradually, if for no other reason than to prevent non- or anti-U.S. coalitions.

China will become a major world power, but will retain a regional focus. In the 21st century, China will be a major power with major challenges and concerns. Among the more overlooked are water supplies. Agricultural yields are low, as they are in much of East Asia, and China needs funds for agricultural chemical inputs. Another concern is oil. China's rapid economic growth has created a massive appetite for hydrocarbons. Sixty-seven percent of China's oil comes through the Straits of Malacca. To reduce dependence on this vulnerable line of communication, China is planning to build a pipeline across Kazakhstan, though such a pipeline would be hard to protect. The inherent problem is that defending this pipeline could violate China's policy of peaceful coexistence and using force only when defending its own territory.

China is transitioning to a New Security Concept, derived from the Four Modernizations of the late 1970s. It defines security as encompassing political and economic security, along with military security. The components of the concept are: 1) integration between political and military institutions; and 2) identifying threats by intent more than capability. Common intent reflects common interests, as opposed to common political structures. The Concept also prescribes actions for China's neighbors: countries must 1) refrain from using force; 2) develop economic cooperation to deter chances of war; and 3) peacefully negotiate disputes. China is becoming less suspicious of other nations' motives and is becoming seemingly more cooperative. China supports multilateral alliances and is attempting to widen economic cooperation, notably by joining the World Trade Organization (WTO). Reflecting China's maritime interests, especially the Straits of Taiwan and the South China Sea, the PLA plans to acquire air and sealift capabilities, improve its anti-submarine warfare capabilities, and increase its nighttime warfare capabilities.

The PLA controls a number of private-sector enterprises in China. The Asian crisis may put some limits on the PLA's

power base, by forcing it to divest. The experts at the conference, however, downplayed the possibility of a serious decline in PLA power due to the economic crisis. Unlike the military enterprises of many Asian nations, the PLA is well integrated into the party and government system, as well as the "private" sector. President Jiang Zemin alone does not have the power to limit this role. Moreover, many PLA units are reasonably self-sufficient, with strong ties to local authorities and regions.

Beijing views the financial crisis as an argument for gradual economic reform, as opposed to the rapid reform of other countries in the region. The crisis has not changed the priorities of the Four Modernizations, however. Economic modernization is still first, and military modernization is still last. However, if China does not survive the crisis with a healthy economy, it may adopt a new economic model for modernization and development.

China has evolved from a Leninist state to an authoritarian-pluralist state, and will use this approach to attain its twin objectives of internal stability and economic development. This system is not democratic in the Western sense of the word, and is not likely to allow increased individual freedoms for the Chinese people for fear of anarchy. China will probably never again have a leader on the stature with Mao—there are too many technically oriented bureaucrats who do not subscribe to a cult of personality. As a result, China may develop a decentralized, federal system to deal with its growing internal dichotomies and dilemmas. World opinion is not likely to sway Chinese leaders or influence their dealings with political dissidents, ethnic minorities, or other internal matters. Some conference participants wondered whether Western ideals could change China the way they changed the Union of Soviet Socialist Republics (USSR). This is under debate: some observers think not, since China is still an authoritarian state with a power elite party structure. Others claim that China has already begun to move toward a more democratic society. Western influence is seen

throughout the metropolises of China and may be impossible to control, let alone roll back. Some conference participants believed that the future role of the Chinese Communist Party (CCP) lies in its ability to influence economic performance. Most Chinese citizens are unaware of, or don't care about, ideology so much as economic well-being.

Taiwan is, and will continue to be, the major issue affecting China's relations with other countries. There is a temporary willingness to deal with current political differences between Beijing and Taipei. Most participants believed that the *status quo* will prevail for the foreseeable future, but the "One Country, Two Systems" policy will increasingly lose its viability and will be replaced by some sort of confederate arrangement. Almost all participants in the conference believed that China would take some sort of military action if Taiwan were to declare independence. However, knowing this, they downplayed the possibility of Taiwan declaring independence on the grounds that the economic futures of China and Taiwan are too interdependent to risk disruption. Some attendees offered the idea of China blaming any problems resulting from reform on Taiwan. This, they reasoned, could be used as an excuse to invade Taiwan. Many others dismissed this scenario on the grounds that the Chinese populace would not believe such a theory.

U.S. leaders may best be served by a policy of "conscious ambiguity" during this period of transition. The relationship between the United States and China is the most important Asia-Pacific security issue. Both sides must realize this fact and act accordingly. Equally important, Chinese leaders must realize that foreign policy is not just made in Washington, and that they, too, must contribute to regional solutions. Many participants expected that "China policy" will be a major issue in both the Presidential primaries and the year 2000 elections, as both Democrats and Republicans differ among themselves and with each other as to which course the United States should take. For

example, the fundamental issue of a policy of containment versus a policy of engagement is at stake. And if the United States pursues engagement, what limits (e.g., high-tech weapons) should be put on economic cooperation. Other participants thought that the debate should not center on absolutes, such as containment and engagement; rather, it should focus on incentives and disincentives.

Future Asia-Pacific regional security will be formed within the context of global trends, as well as regional trends. One panelist envisioned three primary forces interacting in the 21st century: 1) globalization; 2) nationalism; and 3) communalism. Globalization has been much discussed in the media—people, capital, and most importantly, ideas—now cross international borders with increasing ease. The problem is that globalization requires some sort of regulation on an international level, and getting nation-states to agree on such norms is exceedingly difficult. Nationalism is nothing new, but it is often at odds with globalization. In China, for example, nationalism is taking the place of Maoism as the state ideology, and it is a driving force behind the dispute over the Diaoyutai/Senkaku Islands. Lastly, communalism seems to be a growing force. Communalism is roughly defined as identity through community, region, or religion. The question for policymakers in the 21st century will be how to make these forces interact positively. They will play out in issues such as population control, resource use, and environmental degradation. All three of these forces will affect the future of Asia-Pacific security.

Globalization, especially in the form of institutionalized interdependence through the WTO, the IMF, and the United Nations (U.N.), brings unique challenges to Asia-Pacific security. Globalization is a geographical extension of Euro-Atlantic multilateralism, a concept that has worked well in North America and Western Europe because of established mores and parameters. These concepts are not native to Asia; transnational codified rules and institutions are generally avoided in Asian culture. The

end of World War II created an environment within which multilateralism might have taken root in Asia, but two civil wars—one in China and one in Korea—kept this from happening. In Europe, France and Germany have been able to come to terms with their history and live together as neighbors and allies under the common protection of the United States. In Asia, many World War II enemies have not yet come to terms with war guilt and aggression. These cultural and historical differences account for the post-war success of political and economic integration in the European Union and the only recent and still go-slow approach to multilateralism in the ASEAN.

Political and economic multilateralism will come to Asia; however, ensuring that globalization has a positive impact on Asia-Pacific security will depend on the nations' willingness to cooperate with each other. The emergence of Natural Economic Territories (NETs) (economic zones which cross political boundaries) in North East Asia (Korea-China) and in South East Asia (Thailand-Malaysia-Indonesia) are the foundation upon which multilateralism can be built and the positive benefits of globalization realized.

Conference participants agreed that the future of Asia-Pacific security depends primarily on the evolution of relations among China, Japan, Korea, the United States, and Russia. Multilateralism may be the most propitious road for these powers to take to attain their common political and security objectives within the context of increased interdependence and globalization. Multilateralism allows China to practice diplomacy, while still learning the rules of the road. Multilateralism may be the only way for Japan to implement guilt-free foreign relations with its former enemies. Korea could use multilateralism to get the security guarantees it so desperately needs with all its neighbors. Multilateralism offers the United States an opportunity to decrease its regional security burden and reduce the sentiments against anti-American unilateralism, while still attaining its engagement goals. One panelist

observed that Russia would be happy to participate just to be involved.

Most participants agreed that the U.N. has a very limited role in the region. The largest potential for a U.N. role is on the Korean Peninsula, but North Korea does not trust the U.N. However, U.S. presence and support in Asia are essential—the glue that will keep the region together. Maintaining this presence and support will be comparatively difficult, because there is not as much trust for the United States in this region as there is in Europe. Nor is there a common enemy like the USSR; China does not fill that role. One panelist noted that the United States could use a multilateral approach, perhaps formalized in an expanded ASEAN Regional Forum or the more inclusive Asia-Pacific Economic Cooperation Council (APEC), if it decided to decrease its unilateral security role in Asia.

Globalization and economic interdependence are challenged by the ideology of nationalism seen in both China and in some of the states hardest hit by the economic crisis. Nationalism is playing a dominant role on the Korean Peninsula, on both sides of the Taiwan Strait, and all around the Spratly Islands. Economic nationalism may yet turn out to be the biggest winner in the ongoing Asian economic crisis. Nationalistic ideologies feed off of the aforementioned misperceptions and miscommunications, making dialogue even more important to regional stability. The many transnational issues which crowd the Asia-Pacific landscape—population control, drugs, access to resources, and the conflict between modern technology and traditional culture, to name just a few—must be addressed in a timely manner to ensure regional stability. Solutions based on nationalistic ideology will be less conducive to regional stability and growth than solutions that offer a more multidimensional approach to the problems.

Communalism is another trend that has emerged in the wake of recent political and economic developments in Asia. The anti-U.S., anti-IMF sentiment found in South Korea,

Malaysia, Indonesia, and India could coalesce into a wider, regional sentiment against "outside" influence: "Asia for the Asians." China, historically the dominant state (and culture) in the region, could seek to capitalize on these sentiments to reinforce its own position *vis-à-vis* its neighbors. On another level, increased cross-border and transregional contacts between religious fundamentalists, as well as within ethnic minorities which straddle political borders, present unique challenges to regional security.

The interrelationship among globalization, nationalism, and communalism will almost assuredly alter the current political, economic, and security balance in the Asia-Pacific region. The United States will, for the foreseeable future, remain a global and regional superpower, but perhaps with a decreased willingness to intervene in regional issues. Russia will continue to be beset with internal problems, and Russia's European issues will continue to dominate over Pacific issues. China will become a global power, but remain focused primarily on regional issues.

Japan will still play a major role in the region, though some conference participants believed that Japan no longer plays the role it was "assigned" in the Asian system. Some panelists asserted that as Japan goes, so goes Asia. Most agreed that economic change in Japan requires cultural change. However, the Liberal Democratic Party and the entrenched bureaucracy have no real opposition in Japan. One impact of the current economic crisis is that Japan has seen its first defense budget increase since 1974, as Prime Minister Obuchi attempts to strengthen the economy by raising military spending. The panelists concluded that, if China continues to grow and Japan continues to stagnate, the balance of power in the region will shift to China, and this would increase instability. As one observer noted, it is a telling state of affairs when we begin to depend on the Chinese Yuan, and not the Japanese Yen, for the economic stability of Asia.

One participant noted that the recent nuclear tests in South Asia might spur Japan to acquire nuclear weapons and/or quickly acquire a Theater Missile Defense (TMD) system. A new generation of leaders who did not live through World War II and Allied reconstruction is coming into power in Tokyo. They have experienced nothing but peace and prosperity, and they may want Japan's policies to more adequately reflect the country's growing economic and political power. Nationalism is rising in Japan, and many Japanese want to reform Article 9 of the Constitution (designed to preclude the reemergence of Japanese militarism). They also want to develop and market their arms technology and improve their military capabilities. The United States is not sure what kind of Japan it wants, but certainly not an overly nationalistic or nuclear-armed Japan. Ultimately, however, most participants concluded that China would eventually eclipse Japan as the primary Asian power in the region.

South Korea had been on its way to becoming a more pronounced regional player, but the Asian economic crisis slowed this advance. Conference participants were skeptical of a North Korean invasion of the South, asserting that North Korea does not want to, in effect, commit suicide. However, the United States must maintain a credible military deterrent and remain actively engaged on the Peninsula, or North Korean leaders may revise their victory calculus. Equally important is for the participants to avoid a collapse of the incipient political dialogue that has begun between the two Koreas and among its neighbors (e.g., the Four Power Talks).

Conference attendees concluded that the United States must remain engaged in the Asia-Pacific security dialogue, encouraging economic stability (through capital transfers, with enforceable controls and institutional reforms), democracy (while recognizing cultural differences which will temper its appearance), and multilateralism (by combining effective coalitions on different issues and problems). The United States must continue to honor its

regional treaty obligations, while seeking more inclusive arrangements within the context of globalization, nationalism, and communalism.

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